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**A  
Serious  
Railroad  
Situation**

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“**T**HE condition that confronts the railroads today is more serious than any I have seen in the nearly forty years that I have been observing them.” This statement was made in a recent address by Thomas F. Woodlock, former member of the Interstate Commerce Commission.

In 1929 each dollar invested in Western railroad property earned a return of 4.4 per cent, this relatively low figure being the highest return earned in any year since the war. In 1930 the Western railroads earned upon their investment a return of only about three per cent.

This poor showing was partly caused by the nation-wide depression which has affected agriculture, industry and the railroads alike. But in addition the railroads have been seriously hurt by unjust and unfair competition from other forms of transportation—the

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the motor bus, the motor truck, and the freight barge operating on inland waterways.

This competition is unfair and unjust for two main reasons. First, a large part of the cost of furnishing transportation on both highways and waterways is paid from government funds, used to build and maintain our highways and to develop and maintain waterway channels. The money so spent is collected, of course, from the public in the form of taxes. The railroads, on the other hand, are required to pay from their earnings every penny of their costs. In the second place, these bus, truck and barge lines are not regulated by the national government. The railroads, however, are strictly regulated in every branch of their operations.

In other words, the railroads' competitors are subsidized (that is, the cost of their service is paid in large part by

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the public through taxes), while the railroads themselves are not subsidized. The railroads are strictly regulated, while their competitors are not. This unfair and unjust practice has placed the railroads in such serious difficulties that unless fair treatment is given them either railroad rates will have to be raised or railroad service will inevitably suffer.

